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Vermont's E-State Initiative -- A Vision of Innovation
The Social and Economic Value of Universal Broadband and Wireless Infrastructure
By Governor Jim Douglas
Freedom to Connect Conference

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Thank you Tom for that very kind introduction and for the inspiration and guidance you've offered us in Vermont.

I also want to thank David Isenberg for this opportunity to speak today.

Vermonters—and indeed every American—understand the importance of innovation in our economy.

At the most personal level, we've seen technologies and inventions of many varieties improve our health care and the quality of our day-to-day lives. Whether its laptops, software and the internet; cell phones, microwave ovens, and MRI machines; innovations in technology, science, education, business and manufacturing are driving our economy forward.

Despite these many advances, it is my view that America and its states have not yet embraced innovation as the change agent that it can be.

We know that Americans long for innovation in areas like technology, health care and government. And we know that Americans want to be leaders in the global economy and encourage, and support, innovation in our schools and businesses.

And while, like so many other trends in our country, business leaders have recognized the need for innovation and its importance in our 21st Century economy—political leaders have been slow to respond.

It's true, I confess, elected officials have been slow to recognize its value and accept innovation as the most effective means of improving our education systems, strengthening our economy and creating more and better paying jobs.

This political apathy has produced an international economic environment in which other countries are rapidly gaining ground on America—and on each of our states.

We simply cannot afford to be less committed to innovation in our economy or our education system than other nations. Ensuring the prosperity and peace of mind of every future generation of Americans requires that we innovate. That's the bottom line.

Two months ago, I stood before the General Assembly of Vermont and laid out a vision for where I believe we must take our state, and a detailed plan to get us there. I've dubbed our plan The Vermont Way Forward.

The Vermont Way Forward is a model that takes our economy in a new direction. It empowers our balanced, practical environmental values and leverages them into new, good-paying jobs by making Vermont a world center for environmental sciences and engineering.

It directs our educational system to teach tomorrow's leaders the skills they need to compete in the global economy by injecting innovation into our classrooms and finding new ways to augment our science, technology, engineering and mathematics curricula.

Perhaps most importantly, it revolutionizes our telecommunications infrastructure by setting the goal of making Vermont the nation's first "e-state" where quality data and cellular voice coverage and high-speed broadband are available to every Vermonter anywhere within our borders, at anytime—by 2010.

This is a real qualitative difference from previous objectives. It's not about increasing our access by "x" percent. It's about achieving universal access to affordable broadband and wireless technology and building a telecommunications infrastructure where no one is left behind.

Just imagine it.

We have before us an opportunity to leap over existing technology and ahead of the leading telecommunications systems available today.

The infrastructure that we build will form the platform for economic growth and job creation across *every* sector of our economy.

We would be the first state where every community redefines civic involvement with local blogs, online forums and real local content.

The first state where every classroom has its own wiki and every student can access the library at Oxford, tour the Louvre or converse with a peer halfway around the world—all from their rural home in the mountains of Vermont.

Vermont would be the first state where entrepreneurs can experience our exceptional quality of life and our amazing landscape, all while being constantly connected to customers and markets across the globe.

It is a bold vision for our state. But to me, it's more than an image—I believe it can, and will, be reality. But I also understand that this is no time for half-measures, or mediocrity.

If we're serious about making Vermont a leader in the 21st Century economy—and if we're serious about innovation in America—we must act now.

While I will fully admit that I'm no techy—although I have been accused of being a “geek” (laugh) —even a governor can spot the obvious.

The “obvious” is the future of our economy, our communities and our educational institutions all rest in the hands of technology. The question, as far as I can tell, is this: How do we apply technology in ways that inspire real innovation?

And if you would indulge me for a few more minutes, I'd like to outline for you what exactly we're trying to do in Vermont.

Like many rural states, Vermont faces its share of challenges.

Like many states we are wrestling with an aging workforce, with retaining jobs in our legacy industries and with the dynamics of a global economy. But as variations of the old cliché goes: With every challenge there is opportunity.

Vermonters have a long history of embracing hope and opportunity. From John Deere to Burton Snowboards and Tim Nulty of Burlington Telecom, who is here today, we know how to capture our moment—our window of opportunity.

Today's opportunity for Vermont is to be the nation's first true e-state and build the communications system vital to innovation.

We're not going to catch up—we're going to lead.

This issue has been on my mind since 2002 and many of the steps we've taken in the last 4 years were to prepare for this opportunity.

Several years ago, with the support of our Legislature, we began to build a more secure economic framework around our deeply imbued environmental ethic.

We said that we must have both economic growth *and* environmental protection in order to realize the true promise of Vermont. It is not a choice between jobs or the environment; it's a choice between both or neither. I call this third way "The Vermont Way" and it influences all levels of policymaking within my administration.

We took action to address our immediate economic future, focused on putting Vermonters back to work, and said that Vermont was once again open for business by passing the state's largest jobs package and following the path outlined in our Plan for Prosperity.

With the fundamentals in order, we then focused our attention on making Vermont a more affordable place to live, work and raise a family.

At the same time, I began an aggressive program to improve telecommunications infrastructure.

We negotiated "alternative regulation" plans with our incumbent telephone providers, giving them more flexibility in return for increased broadband build outs. We enforced franchise agreements with our largest cable companies to extend services to rural parts of our state.

We embraced the growing wireless internet service providers, our "WISPs", with almost a million dollars in grant funding. We increased our cellular deployments to a pace never before achieved in our state. And working with our service providers, we've taken the state from 65% broadband availability to over 87% in these past three years.

But now in 2007, the difficult work begins. I know the last 10% will be the hardest to serve—but it can and must be done.

As for political will: The nation is now at a tipping point. Vermonters—and I believe all Americans—now recognize the importance of expanding high-speed broadband technology to every student, every household and every business in America. It is now, more than ever, a part of our daily lives.

Political leaders are just now waking up to the importance of this infrastructure and its transformative influence it has had, and will continue to have, on America.

And while all of you are pioneers in innovation, forming virtual communities free of the natural limitations of geography and building the systems that make it possible, the rest of us have learned to use email, shop online and Google.

The organizations, particularly the local organizations, which we value so highly in Vermont, have not been able to take advantage of the web in a significant way.

Until recently, relying on the web to support the function of a local organization made no sense because a majority of members didn't have good enough access for interactivity – dialup just doesn't cut it. Basic DSL won't for much longer.

But now, with broadband penetration over 50% nationwide, local organizations – governmental and non-governmental—are going to take advantage of the web in a big way because a majority of their members do now have connectivity.

This is an opportunity for service providers and organizations, of course. But it's also an extraordinary social challenge.

Given the increasing use of broadband for crucial local functions, we simply cannot let anyone go unserved any more than prior generations let people go without electricity or phones as each of these technologies evolved. Government had a role in making these technologies universally accessible and affordable and I believe government has a role in ensuring that affordable and accessible broadband is available too.

This leads me back to The Vermont Way Forward and our e-state initiative.

To spearhead this important effort, I've proposed the creation of the Vermont Telecommunications Authority.

The Authority will partner with private enterprise to build a next generation infrastructure that supports universal broadband and cellular coverage by 2010.

As I mentioned, as a percentage of the population, at 87% Vermont has fared well in terms of broadband deployment, but those numbers belie the fact that in some of our rural counties only 50% of the households have access.

Under my proposal, the State will back up to \$40 million of moral obligation bonding by the Authority, which will leverage more than \$200 million in private investment. We will partner with providers that are committed to serving every home in a given region. And we will invest in infrastructure—such as small towers and fiber optic arteries—that support current and future last mile technologies.

These providers—who will be responsible for last mile electronics, marketing and caring for the retail customer—will receive the benefits of expedited right of way access, a streamlined network permitting process and low interest financing.

Our plan requires that the Authority be established by June and begin implementing projects late this summer. These will range from networks of small towers supporting wireless services, community WIFI networks, and fiber optic projects. It is my expectation that in 2008 and 2009 the pace of these build outs will increase dramatically.

As you've no doubt surmised, our e-state initiative is much more than broadband access. Broadband is just one road—one very important road—to get us there.

The e-state will be a place where businesses that rely on connectivity, and on their employees being connected, can thrive. Frankly, I hope many of you will be moving to Vermont to partake in our "e-state".

Traditionally, businesses that were dependent on being close to their customers or markets, required that they locate in close proximity to New York, DC Silicon Valley or other urban areas.

The e-state obliterates the old business paradigm requiring employers to be near urban hubs, and it opens the door for a rural state like Vermont to emerge as a magnet for companies and individuals that no longer want to fight the "rat-race" of traffic jams and smog.

Crowded subways and high crime rates just don't exist in Vermont, and universal broadband will make our state the place to be for good paying jobs, a quality innovative education and a sense of *real* connectivity that you can only get from our small village centers.

Whether you move to Vermont or not, we're hoping you'll make our state a test bed for products and services that depend on the population being connected.

Do you have a social application which helps a volunteer fire department or rod and gun club serve its members? Vermont will be a great initial market because you'll know that everyone in the organization will have a connection. And remember, we are promising access not just from every home and business but everywhere *outside* in Vermont. So, when the firefighters arrive at the scene, they will still be online.

Given all of this, what applications can you imagine?

Vermont will enjoy an e-state government and encourage and help its towns and school districts to do the same. We know we can deliver better services more effectively in this way.

In Vermont we are proud of our downtowns, quintessential villages with shops, businesses, town halls and friendly neighborhoods. This evening, as I've done for two decade, I will moderate the Town Meeting in my hometown of Middlebury. Few tasks provide me with more satisfaction than the role of Town Moderator.

In a tradition that dates back to our nations founding, we will congregate as neighbors and friends to discuss, and vote on, the business of our town

Like me, these Vermonters know where the future lies. They know that innovation and technology, enabled by our e-state initiative, will ensure that our economy grows stronger and our communities closer.

I hope that all of you can some day enjoy the lifestyle we have in Vermont, and with the e-state you will no longer have an excuse not to!

For me it's all about building a better Vermont—and a stronger America—where every new generation has the opportunity to be more prosperous than the generations that came before them.

Thank you for the opportunity to address you all at this important event and thank you for the innovation and leadership you provide in this crucial area.

I would be happy to answer a few questions.

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